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PLEASE RESPOND TO 022

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Congress of the United States
House of Representatives
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03 SEP 23 P11 2:47
FEDERAL MARITIME COMMISSION SECRETARY

September 16, 2003

Secretary Bryant L. Van Brakle
Federal Maritime Commission
800 North Capitol Street, NW
Washington, DC 20573

Dear Secretary Van Brakle:

It is my understanding that **UPS** has filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers. Due to the operational characteristics of UPS and recent developments within the ocean-shipping marketplace, the antiquated regulatory scheme governing NVOCCs should be revised.

During consideration of the Ocean Shipping Reform Act (OSRA) revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than vessel operators in order to protect shippers and to guarantee liability coverage. Congress determined that NVOCCs should operate under a published tariff system when dealing with their customers.

However, the state of the U.S. ocean shipping industry has changed dramatically since passage of OSRA. There has been unprecedented consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. In an effort to offer customers a **full** range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCCs.

The UPS petition, citing the recent evolution of the ocean-shipping marketplace, is **precisely** the reason Congress granted such broad exemption authority to the Federal Maritime Commission (FMC). While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA, Congress did not contemplate how fast or how smoothly the market could adapt to these changes. By granting this petition, the FMC will acknowledge these changes, level the playing field between NVOCCs and vessel operators, and ultimately benefit ocean-shipping consumers around the world.

I am hopeful the FMC will give the UPS petition its' utmost consideration and render an equitable decision based upon the merits of the **UPS** case.

Sincerely,



John W. Olver
Member of Congress